

In the Matter of 1-800 Contacts, Inc.,
Docket No. 9372

Testimony of
Professor Rebecca Tushnet

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REBUTTAL OPINIONS

Trademark and Advertising Issues Posed by 1-800's Experts

- Does sale and use of trademarked terms in keyword advertising alone constitute infringement? No.
- Does empirical evidence suggest that consumers experience trademark confusion when they see rival ads generated by keyword advertising? No.
- Are the terms of the 1-800's settlement agreements "commonplace" or remedies that courts would order? No.
- Does sale and use of trademarked terms in keyword advertising alone constitute dilution? No.

Trademark Framework

- Shorthand facilitates comparison and differentiation among similar products
- Trademark doctrine balances the public and consumer interest in competition with the need to avoid consumer confusion about who is supplying a product
- Trademark law is concerned about a very specific kind of consumer confusion – confusion as to:
 - Source
 - Sponsorship
 - Affiliation

Keyword Advertising Cases

- Case law consistently favors competitive advertising – “free riding” is really competition
- Cases Mr. Hogan cites do not stand for the proposition that keyword advertising alone is infringement

Keyword-Only Cases

- *Blue Nile* – motion to dismiss denied because parties were not direct competitors – wholesaler vs. retailer
- *FragranceNet* – motion to dismiss related to validity of Plaintiff's marks, not to confusion
- *LBF Travel* – District Judge did not rule on dismissal of keyword infringement claims
- *Rhino Sports* – no liability for broad-matching; defendant free to bid on generic terms

Empirical Studies

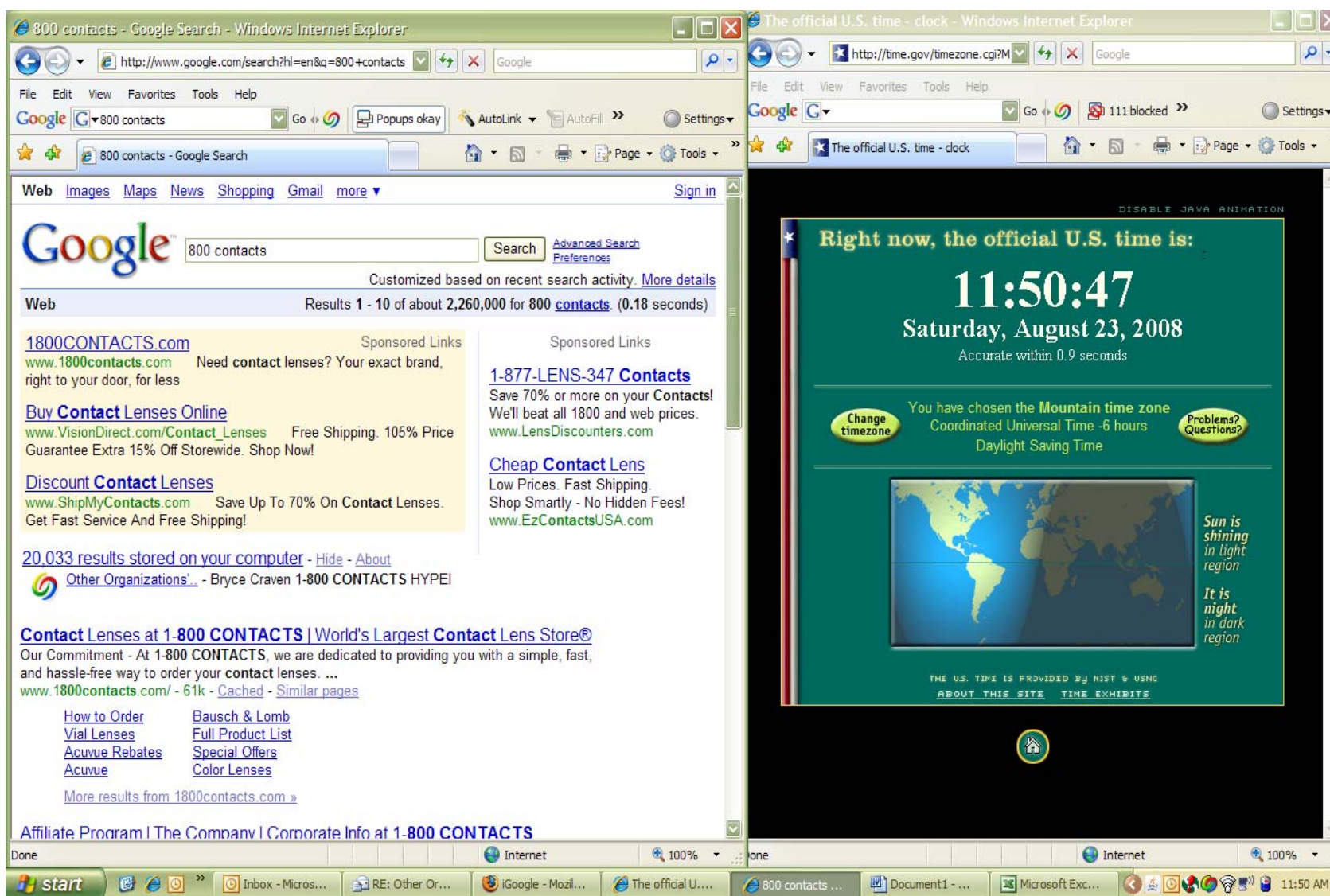
- Studies show:
 - Varied search goals
 - Expectation of and appreciation for comparative advertising
- The American Airlines studies ask the wrong questions
- Confusion about whether a search result is organic or sponsored is not trademark confusion

Remedies

- No court has found liability based solely on keyword bidding
- No cases support use of broad matching prohibition or negative keyword requirement as a trademark remedy
- No court has implemented reciprocal restraints on bidding
- Hogan's cited cases do not support finding of "commonality"
- There is no way to say what settlement terms are "common"

Dilution

- Professor Goodstein's conception of dilution is not the legal definition
- Anti-dilution statute includes an explicit exclusion for comparative advertising like that at issue here



Source: 1-800F_00045485.xls, cited in CX8014 (Tushnet Rebuttal Report).

Binder And Binder

SocialSecurityDisability411.com

unless we win your case

Disability Benefits Explained No fee ^{Sponsored Link}

See First Amended Complaint at 25, *Binder v. Disability Group, Inc.*, 772 F. Supp. 2d 1172 (C.D. Cal. 2011), *cited in* CX8014 (Tushnet Rebuttal Report).

“[Defendant] Disability Group, Inc. has purchased keywords comprised, in whole or in part, of the BINDER & BINDER MARKS. Disability Group, Inc. has used the BINDER & BINDER MARKS as a heading to link to Defendant’s website.”

Id. ¶¶ 49-50 (internal numbering omitted), *cited in* CX8014 (Tushnet Rebuttal Report).

Vega Motorcycle Helmets

www.TheHelmetZone.com

Direct & Save - Free Shipping

Sponsored Links

Snow, Motorcycle, Half & Flip-Up Buy

50% Off Vega Helmets

www.LeatherUp.com

Top Brands HJC, Shoei, Bell

Half face, full face helmets from \$29.95,

See *Soaring Helmet Corp. v. Nanal, Inc.*, 2011 U.S. Dist. LEXIS 262 (W.D. Wash. 2011), *cited in* CX8014 (Tushnet Rebuttal Report).

- “The majority of the remaining *Sleekcraft* factors also support a finding that a consumer would be confused by Nanal’s use of the term ‘vega helmets’ in its advertisements.”

Id. at *15, *cited in* CX8014 (Tushnet Rebuttal Report).

Quotes from Cases

“Needless to say, a defendant must do more than use another’s mark in commerce to violate the Lanham Act.... We have no idea whether Rescuecom can prove that Google’s use of Rescuecom’s trademark in its AdWords program causes likelihood of confusion or mistake.... Whether Google’s actual practice is in fact benign or confusing is not for us to judge at this time. We consider at the 12(b)(6) stage only what is alleged in the Complaint.”

Rescuecom Corp. v. Google, Inc., 562 F.3d 123, 130–31 (2d Cir. 2009)

“[I]n the age of FIOS, cable modems, DSL and T1 lines, reasonable, prudent and experienced internet consumers are accustomed to such exploration by trial and error. They skip from site to site, ready to hit the back button whenever they’re not satisfied with a site’s contents. They fully expect to find some sites that aren’t what they imagine based on a glance at the domain name or search engine summary. Outside the special case of ... domains that actively claim affiliation with the trademark holder, consumers don’t form any firm expectations about the sponsorship of a website until they’ve seen the landing page — if then.”

Toyota Motor Sales, U.S.A., Inc. v. Tabari, 610 F.3d 1171, 1179 (9th Cir. 2010).

“Perhaps in the abstract, one who searches for a particular business with a strong mark and sees an entry on the results page will naturally infer that the entry is for that business. But that inference is an unnatural one when the entry is clearly labeled as an advertisement and clearly identifies the source, which has a name quite different from the business being searched for.”

1-800 Contacts, Inc. v. Lens.Com, Inc., 722 F.3d 1229, 1245 (10th Cir. 2013).

“Because Amazon clearly labels each of the products for sale by brand name and model number accompanied by a photograph of the item, it is unreasonable to suppose that the reasonably prudent consumer accustomed to shopping online would be confused about the source of the goods.”

Multi Time Mach., Inc. v. Amazon.com, Inc., 804 F.3d 930, 938 (9th Cir. 2015), *cert. denied*, 136 S. Ct. 1231 (2016).

“BPI points to no case indicating that the simple purchase of advertising keywords, without more, may constitute initial interest confusion. As noted, ‘[i]nitial interest confusion ... occurs when a customer is lured to a product by the similarity of the mark....’ Thus, the ‘luring’ becomes the critical element. In situations such as the one presented here, the use of a keyword encompassing a competitor’s terms does not necessarily produce an infringing advertisement; it is the content of the advertisement and/or the manner in which the mark is used that creates initial interest confusion.

BPI’s premise logically culminates in the destruction of common Internet advertising methods and unreasonably encumbers generally accepted competitive practices.”

USA Nutraceuticals Grp., Inc. v. BPI Sports, LLC, 2016 WL 695596 (S.D. Fla. Feb. 22, 2016).

“The Hatfields used up to seven Web sites to sell Products to the general public. The Web sites displayed pictures and descriptions of Products and used Plaintiffs’ trademarks. The Hatfields also used Plaintiffs’ trademarks in the metatags of their Web sites. Further, Defendants paid a company called Overture.com for an ‘Overture Premium Listing’ for ‘Australian Gold’ and ‘Swedish Beauty,’ guaranteeing that one of Defendants’ Web sites would be among the first three listed if either of Plaintiffs’ trademarks was used in an internet search query.”

Australian Gold, Inc. v. Hatfield, 436 F.3d 1228, 1233 (10th Cir. 2006).

“We conclude that the factors other than evidence of actual confusion (even if we assume that 1-800’s mark is a strong one) firmly support the unlikelihood of confusion. This case is readily distinguishable from *Australian Gold*, in which the alleged infringer used its competitor’s trademarks on its websites.”

1-800 Contacts, Inc. v. Lens.Com, Inc., 722 F.3d 1229, 1245 (10th Cir. 2013).